

MORNING MOCHA

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PPI inflation in the US accelerated to 1.3% in Sep'26 versus 0.5% in Aug'26, marking the fastest pace of increase since Mar'22. This was led by higher energy prices which increased by 10.8%. Separately, US retail sales increased by 0.8% in Sep'26 (est. 0.3%), after increasing by 1.3% in Aug'26. However, much of the increase in retail sales was driven by higher prices of gasoline, while spending on other items was muted. Separate data also showed a moderate increase in US weekly jobless claims to 199,000 (+1,000). In UK, GDP increased by 0.1% in Aug'26 (est. -0.1%), boosted by AI spending. In India, merchandise trade deficit narrowed from US\$ 33bn in Sep'25 to US\$ 30.2bn in Sep'26. Exports increased at a solid pace of 23.1%, while imports increased by 8%. Separately, India's CAD expanded to US\$ 18.3bn in Apr-Aug'26 versus US\$ 12.8bn last year. Capital account surplus expanded, driven by robust inflows due to FCNR (B) scheme.

- Barring East Asia, markets recovered elsewhere. US stocks were helped by lower treasury yields and buying in healthcare, consumer durables and financial stocks. Sensex rose the most, led by gains in technology and auto stocks. However, it is trading lower today, while other Asian indices are trading higher.

Table 1 – Stock markets

	14-10-2026	15-10-2026	Change, %
Dow Jones	51,621	52,178	1.1
S & P 500	7,719	7,744	0.3
FTSE	10,725	10,840	1.1
Nikkei	67,744	64,426	(4.9)
Hang Seng	24,314	24,063	(1.0)
Shanghai Comp	3,767	3,707	(1.6)
Sensex	72,782	74,316	2.1
Nifty	22,623	22,997	1.7

Source: Bloomberg, Bank of Baroda Research

- Global currencies gained against a weaker dollar. DXY dipped by 0.5% tracking a decline in US treasury yields. GBP appreciated by 0.6% tracking a better-than-expected GDP print. INR rose by 0.1% as oil prices eased marginally. It is trading further stronger today, in line with other Asian currencies.

Table 2 – Currencies

	14-10-2026	15-10-2026	Change, %
EUR/USD (1 EUR / USD)	1.1157	1.1220	0.6
GBP/USD (1 GBP / USD)	1.3193	1.3275	0.6
USD/JPY (JPY / 1 USD)	158.33	158.00	0.2
USD/INR (INR / 1 USD)	95.16	95.06	0.1
USD/CNY (CNY / 1 USD)	6.6983	6.6911	0.1
DXY Index	102.55	102.00	(0.5)

Source: Bloomberg, Bank of Baroda Research



- Global yields fell notably. 10Y yields in US and Japan declined the most. In the US, investors preferred safer options like bonds, after a major sell-off in technology stocks. Markets though continue to expect Fed rate hike in Dec'26 as wholesale prices remain high. In India, 10Y yield fell by 1bps. It is trading stable today.

Table 3 – Bond 10Y yield

	14-10-2026	15-10-2026	Change, bps
US	5.19	5.06	(13)
UK	5.42	5.37	(5)
Germany	3.47	3.41	(5)
Japan	3.00	2.90	(10)
China	1.67	1.65	(2)
India	7.40	7.39	(1)

Source: Bloomberg, Bank of Baroda Research:

Table 4 – Short term rates

	14-10-2026	15-10-2026	Change, bps
Tbill-91 days	5.70	5.73	3
Tbill-182 days	6.20	6.30	10
Tbill-364 days	6.47	6.49	2
G-Sec 2Y	6.81	6.92	11
India OIS-2M	5.72	5.82	10
India OIS-9M	6.30	6.41	11
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.89	3.88	(1)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	14-10-2026	15-10-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.6	2.4	(0.2)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	13-10-2026	14-10-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(137.3)	118.6	255.9
Debt	13.5	234.6	221.1
Equity	(150.8)	(116.0)	34.8
Mutual funds (Rs cr)	(1,949.7)	2,581.8	4,531.5
Debt	(3,686.9)	(363.1)	3,323.8
Equity	1,737.2	2,944.9	1,207.7

Source: Bloomberg, Bank of Baroda Research | Note: Mutual funds data as of 12 Oct and 13 Oct 2026

- Oil prices fell a tad, amidst worries of weakening global demand, and news reports indicating that US may ease sanctions to lower shipping costs.

Table 7 – Commodities

	14-10-2026	15-10-2026	Change, %
Brent crude (US\$/bbl)	106.1	105.9	(0.1)
Gold (US\$/ Troy Ounce)	4,105.4	4,171.4	1.6
Copper (US\$/ MT)	14,597.2	14,421.1	(1.2)
Zinc (US\$/MT)	3,767.0	3,692.3	(2.0)
Aluminium (US\$/MT)	2,987.5	2,987.0	0

Source: Bloomberg, Bank of Baroda Research



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